

Date Mailed
September 22, 1999

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Public Service Corporation For Approval
to Increase Electric and Natural Gas Rates

6690-UR-111

NOTICE OF SECOND HEARING

Direct Testimony Due:	Monday, September 20, 1999 – Noon
Rebuttal Testimony Due:	Thursday, October 4, 1999 – Noon
Surrebuttal Testimony Due:	Monday, October 11, 1999 – Noon
Hearing Date:	Tuesday, October 12, 1999 – 9:00 a.m.
Hearing Location:	Public Service Commission, 610 North Whitney Way, Madison, WI (Amnicon Falls Hearing Room - 1st Floor)

On January 15, 1999, the Public Service Commission ("Commission") issued an order in docket 6690-UR-111 authorizing a rate increase of \$26,942,000 for Wisconsin retail electric operations and \$10,280,000 for Wisconsin natural gas operations for Wisconsin Public Service Corporation (WPS). In that order, the Commission also determined that it was reasonable to reopen the docket and hold a hearing in the fall of 1999 to address certain issues affecting WPS' revenue requirement in 2000.

The issues that the order identified for reopening are as follows: 1) the fuel forecast for 2000; 2) the Pulliam 3 deferral; 3) Kewaunee depreciation expense and decommissioning annuity amounts after steam generator replacement is completed; 4) Kewaunee ownership changes and related asset level changes; 5) the reduced fuel costs associated with WPS' increased ownership share in Kewaunee; and 6) the appropriate rate treatment of all revenue requirement impacts associated with WPS's construction of a combustion turbine for Madison Gas and Electric Company (MGE), including the fully-allocated cost of WPS's internal labor, as well as carrying costs associated with the expenditures.

After the order was issued on January 15, 1999, the Kewaunee steam generator replacement was postponed from the spring of 2000 until the fall of 2001 due to delays in fabrication. Because of this delay, issue nos. 3, 4, and 5, identified above, will not be addressed in this proceeding. It is appropriate to address these issues, whose timing is dependent upon the timing of the steam generator replacement, in WPS' next scheduled rate filing, which will be filed in 2000 for a 2001 test year. However, because of the delay in the steam generator

replacement, it is necessary to include the issue of the Kewaunee 2000 steam generator repair and refueling outage in this proceeding. This issue is No. 7.

In its February 15, 1997, order in docket 6690-UR-110, the Commission authorized WPS to recover replacement power costs related to a 1998 refueling outage at Kewaunee as well as the costs associated with a mid-cycle shutdown at that plant. Because of the uncertainty about whether the mid-cycle shutdown would be necessary, the Commission ordered the replacement power costs associated with this shutdown to be made subject to refund in the event that one or both of these outages did not occur. The Commission ordered that the refund should be based on the total number of equivalent outage days for the 1997 mid-cycle and 1998 outages occurring during the biennial period, compared to a forecast of 84 days. Because the mid-cycle outage did not occur and a refund is necessary, WPS is proposing to include the issue of this refund in the reopening of this docket. This is issue No. 8.

On July 7, 1998, the Commission issued a letter order to the joint owners of Kewaunee authorizing them to defer the out-of-pocket costs incurred after July 2, 1998, associated with repairing the degraded steam generator tubes at Kewaunee during its 1998 refueling outage. After the January 15, 1999, order in docket 6690-UR-111, on behalf of the joint owners of Kewaunee, WPS settled with a vendor regarding potential litigation of steam generator tube degradation and maintenance. In early 1999, the Kewaunee joint owners received a portion of this settlement in the form of a cash payment. In a February 4, 1999, letter to the Commission, on behalf of the joint owners, WPS requested that the cash settlement be offset by the cost of the deferred 1998 repair costs. WPS is proposing to return its portion of the resulting net credit to ratepayers in its filing in this proceeding. This is issue No. 9.

In its filing, WPS is requesting a rate increase of \$20.9 million for its Wisconsin retail electric operations, a 4.6 percent increase, and no change in its natural gas rates for 2000 to recover its costs associated with the following issues described above: 1) the fuel forecast for 2000; 2) the Pulliam 3 deferral; 6) the appropriate rate treatment of all revenue requirement impacts associated with WPS' construction of a combustion turbine for MGE, including the fully-allocated cost of WPS' internal labor, as well as carrying costs associated with the expenditures; 7) the Kewaunee 2000 steam generator repair and refueling outage; 8) the refund of replacement power costs associated with the Kewaunee mid-cycle shutdown that were made subject to refund in docket 6690-UR-110; 9) WPS' share of the net credit resulting from the initial cash payment portion of the settlement between a vendor and the joint owners of Kewaunee regarding potential litigation of steam generator tube degradation and maintenance, offset by the cost of the deferred 1998 steam generator repair costs. In its order dated August 5, 1999, the Commission authorized these issues to be addressed in the reopening of this docket.

In supplemental testimony dated August 30, 1999, WPS increased the amount of additional revenue it is requesting by \$2,496,457 to reflect additional fuel costs in 2000 that were not included in its initial filing.

A prehearing conference was held on August 16, 1999, to identify the persons who will actively participate as full parties, to determine the time and date of the hearing, and to specify dates for filing testimony and exhibits.

The utility is responsible for giving notice to its customers of the filing of its application with the Commission and, pursuant to Wis. Admin. Code § PSC 2.73, for producing proof of notice at the hearing.

NOTICE IS GIVEN that a hearing will be held beginning on Tuesday, October 12, 1999, at 9:00 a.m. in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin, and continuing at times to be set by the presiding Administrative Law Judge. This building is accessible to people in wheelchairs through the Whitney Way first floor (lobby) entrance. Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs additional accommodations should contact the case coordinator listed below.

Persons who desire to actively participate as full parties must request full party status in writing. Full party status requests should be addressed to Jeffrey Patzke, Administrative Law Judge, Public Service Commission of Wisconsin, Office of the Administrative Law Judge, P.O. Box 7854, Madison, Wisconsin 53707-7854.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a).

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the case coordinator listed below.

Questions from the media may be directed to Jeffrey L. Butson, Public Affairs Director, at (608) 267-0912.

Questions regarding this matter may be directed to case coordinator Mary Kettle at (608) 267-2405.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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